

H31TORUC

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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3 MORENA ORUE, et al.,

4 Plaintiffs,

5 v.

15 CV 5727 (KFP)

6 ARTISANAL FROMAGERIE & BISTRO,
7 LLC, et al.,

8 Defendants.

-----x

9 New York, N.Y.

10 March 1, 2017

11:00 a.m.

11 Before:

12 HON. KATHERINE P. FAILLA,

13 District Judge

14 APPEARANCES

15 FITAPELLI & SCHAFFER
16 Attorneys for Plaintiffs
17 BY: BRIAN SCHAFFER

18 SALVATORE LIGA
19 Attorney for Defendants

20 ALSO PRESENT: VINCENT BONFITTODRORY, Defendant

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(In open court, case called)

THE COURT: Good morning to both of you. Welcome.

Mr. Liga, there's a history here. You're joining this case, and that is fine. I would like to have an understanding as to what is going on. My recollection of events is that over the summer there was a settlement agreement, it was signed, payments were not made by any of the settling parties. There was, for the Artisanal corporate entity, a bankruptcy that I understand is nearing resolution, if not resolved. I have had comparable discussions with Mr. Brennan about his payment schedule. Those things are squared away. And I would like to understand what is going on with respect to Mr. Drory.

So tell me, please, what is going on with respect to Mr. Drory?

MR. LIGA: Your Honor, as you know I just came into the case.

THE COURT: I will ask you please to first grab the microphone, and if you could stand, because there is a monitor that is blocking you.

MR. LIGA: No problem.

THE COURT: Thank you very much.

MR. LIGA: I spoke with Mr. Drory about this matter, very frankly and bluntly. As I indicated to your Honor when I requested the adjournment, I'm not one to make arguments for sake of arguments. I went through the whole history with him.

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1 THE COURT: All right.

2 MR. LIGA: Mr. Drory, regardless of how I feel about
3 it or people in business feel about it, he feels he's been
4 improperly prosecuted for this type of matter.

5 THE COURT: Let's stop for a moment. There's no
6 prosecution involved yet.

7 MR. LIGA: I'm talking in the course of litigation.

8 THE COURT: I see. He feels he was not well
9 represented?

10 MR. LIGA: He doesn't feel he was properly
11 represented. He feels that the plaintiff's attorney -- he
12 stated to me -- solicited his employees, and he felt that was
13 improper, and that the whole matter at the time he was
14 represented was hinged -- he has an insurance policy,
15 apparently, that is supposed to cover these types of matters.

16 THE COURT: I looked into that, sir. I have strong
17 reasons to believe that an insurance policy would not cover
18 these matters.

19 MR. LIGA: Okay. He's represented to me that there is
20 an insurance policy for this type the of matter.

21 THE COURT: I'm sure. And I would be interested in
22 looking at that these endorsements because I have some
23 familiarity with this particular type of coverage, and I'm
24 pretty sure it's not covered, but we'll deal with that, yes.

25 MR. LIGA: So the idea behind a settlement, the way I

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1 understood it was laid out, it was really based on the maximum
2 that they believed the insurance covered, which was about
3 \$150,000, and that was why it was settled the way it was
4 settled, according to Mr. Drory.

5 Since that time, his business, his primary business,
6 the restaurant in question, has closed, it's out of business,
7 it went into bankruptcy. It lost its lease.

8 THE COURT: But it was moving locations.

9 MR. LIGA: My understanding is this new location is
10 not the same entity, as far as I understand it to be.

11 THE COURT: I understand it to be Mr. Drory is behind
12 this entity. Is he not?

13 MR. LIGA: He will be an operator of it but not an
14 owner because he simply doesn't have the finances to. He's
15 like, I would call him -- it's his vision, but he doesn't have
16 the money to finance this new operation. And frankly, at this
17 point I'm not sure he will have the financing to complete -- to
18 actually build the restaurant itself.

19 I got involved with Mr. Drory back in September due to
20 his financial problems. I came in to help him negotiate some
21 settlements with some parties at that time. So I'm a little
22 bit of familiar with the financial problems the business had,
23 the losing of the lease, and his attempts to try to raise the
24 capital through partnerships or any kind of offering he could
25 put together to try to finance this other restaurant but he

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1 didn't have the money.

2 Since then it's been represented to me he has got hit
3 with an IRS lien personally that's in the six figures. He
4 could explain it in more detail if you would like. His
5 personal bank account has been seized, so he doesn't have any
6 personal funds whatsoever.

7 My understanding is his only means of support right
8 now, and why I had gotten the case originally, Mr. Drory's
9 girlfriend is a corporate lawyer for a very wealthy individual,
10 and she basically supports his personal household. He lives
11 with her. But apart from that, he has no assets that are
12 attachable. He hasn't decided to go personally bankrupt.

13 My understanding is because when he's trying to go out
14 and hopefully set up a restaurant, investors don't want to
15 hear, obviously, you just filed personal bankruptcy. So that's
16 his situation.

17 My understanding is he has no means whatsoever to pay
18 this settlement apart from his belief that there was an
19 insurance policy, and that's where he is at this point. He
20 could explain himself, but going through this whole thing with
21 him, I made it very clear to him --

22 THE COURT: Sir, let me stop you. I don't want to
23 know about your privileged communications.

24 MR. LIGA: No, but I want to explain this to the Court
25 because I think it's relevant to this.

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1 As a lay person, he's like many lay people, he feels
2 he was improperly represented. He feels like this lawsuit
3 wasn't fair. I said well that's all well and good, I
4 understand that, lots of people in the restaurant industry get
5 hit with these types of lawsuits. I said at the end of the day
6 there was a lawsuit, at the end of the day it was settled, at
7 the end of the day your signature went on that settlement. So
8 if you have a claim against your lawyer, make claim against
9 your lawyer. If you have a claim -- if you believe there's a
10 claim against your insurance company, make a claim against your
11 insurance company, but none of that is really relevant in this
12 matter in paying the judgment.

13 I'm telling your Honor, as I explained to him, if
14 there's no money, there's no money. If he doesn't have the
15 money, he doesn't have the money. I'm more than happy to
16 coordinate a type of due diligence with the plaintiff's lawyer
17 into his finances if that will satisfy him or satisfy the
18 Court. But as far as I understand it, he has no financial
19 means.

20 THE COURT: I want to understand certain things that
21 you have just said, and there may be a degree of me kicking
22 your tires of what you're saying because I need to understand
23 this. At this time -- because you represent Mr. Drory, at this
24 time, you are not moving to find that the settlement agreement
25 wasn't reached. You're not contesting that there was a

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1 settlement agreement that was reached, is that correct?

2 MR. LIGA: At this moment, no.

3 THE COURT: Well, this would be the moment to do it.
4 I'm not saying it would win because the Winston factors which
5 govern whether settlements are enforceable would suggest this
6 is an enforceable settlement. I take your point, which is if
7 he feels he's been wronged maybe the place to which he should
8 look is the prior law firm. I'm not saying they did anything
9 wrong, I'm just saying don't think there's anything here.

10 On the insurance coverage issue, again, it would be a
11 surprise for me to learn that a policy for a restaurant would
12 include wage and hour claims because more often than not they
13 are specifically excluded, but we'll see. Stranger things have
14 happened. You could get coverage for a lot of things.

15 But I will tell you nothing in any of the discussions
16 that I heard from the parties and the time over which I have
17 been presiding over this case even mentioned the insurance
18 policy. I never heard about it until we got into thicket that
19 we're now in. So it would be a surprise for me to hear that
20 everything was contingent on an insurance policy I never heard
21 of because usually when that is the issue, for instance, the
22 claim gets tendered to the carrier, the carrier appoints the
23 counsel, the carrier is deeply involved in the settlement
24 discussions to ensure what it will pay and wouldn't pay. I saw
25 none of that.

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1 MR. LIGA: I have gone through that line of
2 questioning --

3 THE COURT: I see, sir.

4 MR. LIGA: -- with my client and his girlfriend, who
5 is a corporate lawyer and who would understand these questions
6 better than Mr. Drory. It's been explained to me that, again,
7 there is coverage. The insurance company was upset -- which I
8 would understand -- their counsel was not engaged in the
9 settlement.

10 THE COURT: So wouldn't they have disclaimed coverage
11 on that basis?

12 MR. LIGA: That was my question, and it was told to
13 me -- and again, I did not go off in all these tangents in
14 every case, but I was told there's a pending order to show
15 cause against the insurance company. If that's true or not, I
16 don't know, but it's been expressed to me that's what is going
17 on.

18 THE COURT: Where is that case taking place? Is it in
19 state court?

20 MR. BONFITODRORY: I'm allowed to say?

21 THE COURT: I would prefer that I hear from you and
22 not from him because I don't do the hybrid representation, so I
23 will let you talk to him and then communicate with me.

24 MR. BONFITODRORY: Am I allowed to speak in court?

25 THE COURT: No, sir, that's why you have counsel to

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1 speak for you.

2 MR. BONFITODRORY: But for me it's very important
3 that you hear what I have to say.

4 THE COURT: Sir, I will not listen to you, I will
5 listen to your attorney. That's why you have counsel.

6 (Pause)

7 MR. LIGA: With regard to the order to show cause --

8 THE COURT: Yes, sir.

9 MR. LIGA: -- according to my client, it's been
10 prepared, it hasn't been filed.

11 THE COURT: That does me no good.

12 MR. LIGA: It doesn't exist.

13 THE COURT: Yeah.

14 MR. LIGA: The issue with the insurance company,
15 again, according to by client, wasn't that it was just -- that
16 they brought their counsel in, apparently, the bigger issue is
17 it didn't cover all the employees it only covered eleven. They
18 wanted a more universal settlement across the board for all the
19 employees in case I guess there might be another lawsuit later
20 from other employees.

21 THE COURT: Sure. The issue, of course, is that FLSA
22 claims are opt in, not opt out. So for a case of this type --
23 and Mr. Schaffer will correct me if I'm wrong -- it's just the
24 folks I have before me. We don't get to -- by law, we can't do
25 bigger.

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MR. LIGA: I understand entirely. That's that issue.

The other issue he wanted to stress to me and stress to the Court was this new location has nothing to do with the old location, and the new location has an entirely different ownership structure which he's not a part of. It's his vision, he's trying to create this Parisian experience and he's the person behind the vision, but he's not the owner of it.

And it's been structured, according to him, for several years now that this has been in the planning, and he is not the primary or any owner of this entity, he's just -- it's been a proposal of his basically from patrons who liked his restaurant that closed, they said why don't you open something larger and more elaborate with a cabaret and smoking bars and all these things that the idea for the new place was this would be a much broader experience, and it has an entirely different ownership structure. Again, it's his vision because it started out with his restaurant that closed, but he's not the owner of it.

THE COURT: Sir, let me explain the various concerns that I have. I understand that that restaurant has not opened yet because when I pass by it it has the signs in the windows and not yet opened. But among my many concerns here are the fact that in the summer of this past year, 2016, when these negotiations were under way, no one ever suggested that Mr. Drory or the Artisanal company could not handle this

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1 judgment.

2 I was then asked to delay entry of the settlement
3 agreement so that Mr. Drory could sign. And then very shortly
4 thereafter the company goes in the tank and he suddenly
5 announces he's not going to pay. So it may be, and I don't
6 know, that he is in as dire a financial condition as you
7 outlined for me this morning --

8 MR. LIGA: I could explain that a little bit.

9 THE COURT: Let me finish my sentence, thank you.

10 -- but you haven't convinced me that back in July and
11 August he was this bad. And it's not fair to the plaintiffs in
12 this case that he managed to fritter away or move or dissipate
13 all of those as assets and leave them with nothing. That's the
14 problem I have, because I don't have any confidence that he was
15 in this bad a shape in July and August. And I therefore am
16 left to wonder whether all of the past six months of effort
17 were designed to put us in a position where we are right now
18 where he could have someone stand in his stead and say there
19 are no assets.

20 MR. LIGA: I can only speak for myself and my own --

21 THE COURT: Your client wishes to speak to you.

22 (Pause)

23 MR. LIGA: Mr. Drory -- the history of this
24 restaurant, again, and I could talk from my own firsthand
25 knowledge, so I will represent that this is my firsthand

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1 knowledge of these events to the extent I can explain to Court
2 what I know.

3 Mr. Drory was being pursued by various creditors last
4 summer, primarily in the food industry, within the food
5 industry, and also through what's called merchant advance
6 companies. I am actually a collection attorney and a
7 specialist in the food industry and I do bankruptcy work within
8 the food industry, so I was actually, by one of his creditors,
9 told: Why don't you go see this man, he needs a lot of help.
10 He has these lawsuits, he owes people money, why don't you get
11 involved with him. That's how I personally was introduced to
12 him. And I worked with him dealing with one in particular
13 creditor. I can tell you at that time he was -- and this is,
14 again, August, September of last year -- he was not on any good
15 solid financial ground by any means that I can see.

16 It's also my understanding from that that he had
17 purchased -- this was a failing restaurant at one point and he
18 took it over. I don't know if he was properly represented
19 again by counsel because I would never advise a client to buy a
20 business like this, but it had all kinds of outstanding
21 liabilities, payroll taxes, sales taxes, there was -- it was a
22 nightmare.

23 Nightmares are good in business for two reasons; one,
24 you can usually buy nightmares cheap, and if you're a good
25 turnaround person you can build something out of a nightmare

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1 without having a lot of capital initially. I think that's what
2 he did. He brought in his ideas and built the business from
3 what was a failing restaurant.

4 The other thing I can tell your Honor, at the time he
5 believed, as he represented to me, that he was going to stay in
6 that existing location at least for another six months before
7 it closes. And the reason -- his lease was coming up, but
8 coming into the holiday season, which is the biggest season in
9 the food industry, why would your landlord, who you may owe
10 money to, which he did, not allow you to go through the holiday
11 season when you're best able to pay him.

12 And he believed in good faith, I believe, that his
13 landlord would allow him to at least go through Thanksgiving,
14 Christmas and New Year's, get all those parties and those
15 special events that you normally get in the food business, and
16 then he can pay the landlord and get a small extension of time.
17 As it turns out, his landlord is I believe Chase Bank who
18 doesn't care about losing that season, and they -- I guess
19 because he had fallen behind on his rent, they were going to
20 evict him. That is what I understand, because I have spoken to
21 at one point with Mitch Green, which is the attorney for the
22 bankruptcy. That was the catalyst for filing bankruptcy
23 initially. Then there was a settlement made with the landlord
24 early on, and he vacated I believe on Halloween, the end of
25 October.

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1 I can tell you from talking to him months prior, he
2 did not believe that was going to happen. That said, I can't
3 represent to the Court and I don't feel comfortable with my
4 client representing to the Court, or if he did, I don't believe
5 he made any kind of financial disclosure to anybody when he
6 entered into these settlements. If he did, I would be
7 surprised. If he did, I don't know how anyone would give him a
8 settlement of this nature. Because I think that a lot of his
9 liabilities were well known if somebody did due diligence,
10 including taxes and so forth.

11 If there had been adequate financial due diligence at
12 the time of the settlement -- I don't think he did anything to
13 to conceal his financial wherewithal, I think he, like a lot of
14 entrepreneurs, was very optimistic that he would be able to get
15 through the holidays and pay some of these bills, and I believe
16 that he believed that he had insurance coverage.

17 Now my understanding, this insurance coverage isn't
18 part of a regular restaurant package, this was a special
19 product specifically designed for this. That's what he is
20 explaining to me. And I have heard restaurants -- because I'm
21 in this field of business, it's the focus of my practice, there
22 are certain types of policies like this.

23 THE COURT: Yes.

24 MR. LIGA: So whether in this particular instance
25 that's this kind of policy, I don't know, but it's represented

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1 to me to be the case. And I take the representation from his
2 girlfriend, who is a corporate lawyer, who I know she knows her
3 stuff and I'm friends with her, I don't see any reason she
4 would mislead me in that understanding.

5 So again, I don't know why the insurance company
6 hasn't paid. I don't know what their real reason for not
7 paying. I don't know if he filed his claim properly. I don't
8 know if he's precluded coverage because he didn't have their
9 lawyers. I asked all these questions in good faith because,
10 again, I wanted to come here and tell the Court everything I
11 possibly could.

12 And the fact is right now, again, he has no money. As
13 far as I understand, if this insurance company doesn't pay, I
14 don't know if there's any way for him to get paid, and I don't
15 know of any assets that have survived or will survive that
16 bankruptcy. Because as the Court probably knows, when a
17 restaurant closes, those assets -- there's nothing really left.
18 Everything gets valued as very little to nothing.

19 I had already explored with him at one time sometimes
20 these restaurants when they have nothing, they have a half a
21 million dollars in liquor and things like that that they can
22 sell. Again, I don't know how that was dissipated, but that's
23 highly regulated.

24 But I had all those kinds of discussions, I could tell
25 your Honor in my interactions with him. And I know that he is

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1 out trying to raise capital and his girlfriend is trying to
2 raise capital to try to further develop that restaurant that
3 you have seen that he's not an owner of. That's all I have to
4 say.

5 THE COURT: I have some questions though.

6 I knew from early September that there were problems
7 with this settlement. So I don't know when the first hiccups
8 were with the landlord again, but I'm telling you the first I
9 heard about it was in September, and at that point he wasn't
10 making payments. And this been a very long saga of having the
11 conversation that we're now having.

12 Second, on your point about due diligence, we were
13 commended to a website that he had suggesting all manner of
14 business successes, so I'm not sure what due diligence -- I'm
15 not sure that Mr. Schaffer should not have accepted at face
16 value the representations of Mr. Drory's counsel that this
17 settlement could be paid.

18 To the extent we're suggesting any sort of victim
19 blaming or Court blaming, we had no reason to think that there
20 was anything other than an ability to pay. And yet again I
21 will let Mr. Schaffer speak to this issue eventually this
22 morning, but I never understood that the settlement agreement
23 was tied directly to the receipt or distribution of any
24 insurance proceeds.

25 MR. BONFITODRORY: A hundred percent.

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1 THE COURT: Sir, do not speak. Thank you.

2 The issue we have now, Mr. Liga, is we're here on an
3 order to show cause. It would be lovely if you told me that
4 you and Mr. Schaffer had been in consultation and that you
5 tried to work something out with plaintiff's counsel but I
6 don't know that you have.

7 They have had a settlement agreement since July of
8 2016. It is appropriate for them to recover something on it.
9 Understanding that there may be financial issues and hiccups
10 that arise, nonetheless your client did put us through the
11 wringer by not appearing for multiple conferences or telephone
12 calls, not being able to address things in a more timely
13 fashion that has resulted in costs to plaintiff's counsel that
14 I think are fairly assessed against your client. And you're
15 shaking your head yes, so you don't disagree with me.

16 MR. LIGA: I understand.

17 THE COURT: What do you propose? Mr. Schaffer and his
18 clients, I don't imagine they will walk away.

19 MR. LIGA: I'm not telling them to walk away. What I
20 am saying to your Honor -- and again, I'm at a little bit of
21 disadvantage, in a sense. From the world I come out of,
22 numbers are numbers are numbers are numbers. In bankruptcy
23 court if the numbers don't work, they don't work. In
24 collection matters the same thing; if the numbers don't work,
25 they don't work. There's a difference between someone who

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1 won't pay and someone who can't pay.

2 I understand the Court entirely when you say there was
3 this presentation or outward appearance of an ability to pay.
4 I understand that. I'm not trying to make excuses, I'm trying
5 to explain to the Court my understanding of it. That's the
6 showmanship end of my client.

7 THE COURT: Sure, but Mr. Schaffer settled based on
8 that showmanship.

9 MR. LIGA: However --

10 THE COURT: Yes.

11 MR. LIGA: -- in my world I would never settle with
12 anybody for any amount of money until I did some type of
13 meaningful due diligence. When someone says I'm the greatest
14 restaurant in New York and I'm planning to do this and I'm
15 hoping to do that and look at my wonderful restaurant, I could
16 told you that most restaurants in New York City are insolvent.

17 So what I'm telling the Court, I'm not trying to --
18 I'm not -- I'm making an excuse, but I'm expressing to the
19 Court that there's a difference of showmanship and someone who
20 is entrepreneur and sitting down like a bank would and diving
21 into due diligence to decide if I'm going to lend someone
22 money. This settlement, in effect, is a loan.

23 THE COURT: No, it isn't, it's a repayment of wages
24 that were not paid. It is not. And the point is --

25 MR. BONFITODRORY: May I speak for a moment?

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1 THE COURT: No, let us finish our conversation first
2 and then you can speak with your lawyer.

3 The issue is -- again, I will hear from Mr. Schaffer
4 in a moment, but at no point did Mr. Drory's counsel suggest to
5 me that this had to be done in a certain manner or in a certain
6 time frame lest it be unable to be done. And so again, you
7 are -- certainly Mr. Schaffer wishes, perhaps, that he knew
8 then what he knows now, and maybe he doesn't, but I'm not
9 faulting plaintiff's counsel at all in this.

10 MR. LIGA: I'm not trying to fault anybody, I'm trying
11 to explain what I believe to be the case.

12 THE COURT: But here we are. So what do you propose,
13 sir?

14 MR. LIGA: My proposal is the only proposal I could
15 make, frankly, is that I can sit down with Mr. Schaffer similar
16 to what we do in called a 341 hearing, which is like a hearing
17 going through all the assets.

18 THE COURT: At least some of us in the room knows what
19 that is.

20 MR. LIGA: We could go through a 341 type hearing. He
21 could ask questions like a trustee would or a creditor would.
22 We could go through and produce documents like a trustee would
23 expect in a 341 hearing, or if you want to take it to the next
24 step, like a 2004 hearing, which is far more thorough, and he
25 can see what my client can or cannot afford and what is real.

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1 Again, I don't know a solution when someone doesn't
2 have money to enforce a judgment against him; put a judgment
3 out there and hope over the next 10 to 20 years you can collect
4 it. That's all you can do. But to get some type of -- in
5 bankruptcy court this would be considered a priority claim, but
6 even priority claims sometimes can't go unpaid if there's no
7 assets. It's just the way it is. They could certainly get a
8 judgment and that judgment can follow somebody for many years.
9 But at this point I don't know what else to suggest to the
10 Court. Again, from my world, it is what it is. When there's
11 no money, there's no money.

12 If my client -- again, similar to bankruptcy, if there
13 was a fraudulent transfer, if there's any kind of belief that
14 my client converted assets or didn't give assets properly to
15 creditors, he's more than willing to go through that
16 examination with me. I'm sure the bankruptcy court is going
17 through that examination with the restaurant because that's
18 where all the assets were.

19 THE COURT: I had been advised to the contrary. I was
20 advised that the bankruptcy was likely to be dismissed or
21 resolved because there were no assets in the Artisanal entity,
22 so candidly it wasn't worth the time to figure out. So we
23 won't have that clarity because they didn't bother to do it.

24 Mr. Schaffer.

25 MR. SCHAFFER: It's relevant to what you're talking

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1 about right now.

2 THE COURT: Yes, sir.

3 MR. SCHAFFER: In our additional due diligence, we
4 discovered that -- so the creditor made a motion to dismiss,
5 and I think we discussed that at some point saying there were
6 no assets. However, and counsel should know this, and
7 certainly his client knows this, that on February 17, 2017 the
8 landlord filed a motion to oppose the motion to dismiss stating
9 that there was the possible fraudulent conveyance from
10 Mr. Drory to his live-in girlfriend, Ms. Shulman, to settle her
11 2.5 million unsecured claim.

12 So the bankruptcy appears to be far from over, and
13 there's a conference scheduled for March 7 on that issue.

14 THE COURT: She herself had a claim -- she had a claim
15 against Mr. Drory?

16 MR. SCHAFFER: Yes.

17 THE COURT: And he paid perhaps in derogation of the
18 rights of other creditors.

19 MR. SCHAFFER: Yes.

20 THE COURT: We'll find out. I will let you finish,
21 Mr. Liga, because I do want to hear from you.

22 MR. LIGA: I'm not here to make -- that's not my
23 judgment call if that's in fact the case and the Court wants to
24 get to the bottom of it, if Mr. Schaffer wants to examine my
25 client, as a lawyer, I'm not emotionally attached to it. I

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1 will represent my client, I will certainly deal with the
2 document request and due diligence request and sit through
3 depositions if he would like. All I'm telling the Court, as
4 far as I understand it, me, there's nothing there, but I
5 certainly am willing to go through the exercise. I have no
6 problem with that.

7 THE COURT: Your client wishes to speak to you, and I
8 will let you do that.

9 And Mr. Schaffer, I would really like to hear from
10 you, so let me let them speak unless there's any addenda to
11 this conversation.

12 (Pause)

13 THE COURT: Mr. Liga.

14 MR. LIGA: Sorry, your Honor.

15 THE COURT: That's fine.

16 MR. LIGA: With regard to an examination, again I'm
17 going to -- I welcome that as a solution to try to satisfy the
18 Court, satisfy the plaintiff's counsel. Mr. Drory wanted me to
19 express to the Court that one of the issues, again, he is
20 telling me, the issues with the insurance company, he had a
21 problem. Apparently the prior owner, there was an issue for
22 four and a half years with these violations on pay, and
23 Mr. Drory was only six months.

24 THE COURT: I believe what he's telling you is he
25 believes Mr. Brennan should have borne a larger percentage of

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1 settlement, but that's the settlement he agreed to, that's not
2 my concern.

3 MR. BONFITODRORY: I didn't agree to nothing.

4 THE COURT: I'm not listening to you, sir.

5 MR. LIGA: He believes his lawyer did not properly
6 represent him, and his insurance company is upset they got
7 burdened with something disproportional to their share.

8 THE COURT: But that deed is done.

9 MR. LIGA: I understand.

10 MR. BONFITODRORY: Your Honor --

11 THE COURT: Sir, I'm not going to listen to you. You
12 have an attorney. That's why he's here.

13 MR. BONFITODRORY: This is supposed to be justice.

14 THE COURT: This is justice. You have been dogging
15 your obligation for a period of months --

16 MR. BONFITODRORY: I will agree with --

17 THE COURT: Sir, I'm not going to engage you on this.
18 You have an attorney.

19 MR. BONFITODRORY: If you don't want me to defend
20 myself and explain.

21 THE COURT: I want you to speak through your counsel.

22 MR. BONFITODRORY: You don't want to know the truth,
23 honestly.

24 THE COURT: You have an attorney, he's communicating
25 your information to me. If there's something you haven't

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1 communicated to him to give to me then you're welcome to do it,
2 but I'm not going to engage you on this.

3 Mr. Schaffer, let me hear from you now at this time,
4 sir.

5 MR. SCHAFFER: Just a few things so the record is
6 completely accurate. As your Honor stated, actually not until
7 today was any issue of inability to pay raised; never in my
8 settlement discussions, never in the course of trying to get
9 Mr. Drory to appear today. In fact, when Mr. Drory did appear,
10 I believe it was about two months ago, the issues that he
11 raised were issues regarding Terrence Brennan and the
12 proportionality and some alleged improper conduct by me. Even
13 when he showed up here two months ago he didn't even raise an
14 inability to pay. He never raised it.

15 THE COURT: No, he raised to me the possibility of a
16 motion to undo the settlement because of bad advice received
17 from his counsel.

18 MR. SCHAFFER: Right. Never an inability to pay until
19 present day March 1st, 2017.

20 THE COURT: But what if it's true, what if there is no
21 ability to pay?

22 MR. SCHAFFER: I believe it's patently untrue.

23 THE COURT: And Mr. Liga has been mouthing or
24 repeating to me false information from his client?

25 MR. SCHAFFER: I believe, yes. Yes. And I will tell

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1 you a few reasons why I believe that.

2 THE COURT: Okay.

3 MR. SCHAFFER: Firstly, if a restaurant is failing,
4 which I understand there are restaurants that fail, sure. If a
5 restaurant fails, you don't close that restaurant and open up
6 the same restaurant three blocks away three times the square
7 footage. That doesn't happen. Restaurant fails, it goes away,
8 goodbye.

9 THE COURT: But what he's suggesting was maybe it
10 wasn't failing as much as the model where he was owner and
11 operator wasn't working and the landlord wasn't allowing him to
12 stay because of background, and so therefore, the way around
13 that was something where he was no longer the owner and he was
14 just the operator. I take your point, I'm just saying there is
15 another way of looking at it.

16 But go ahead, give me another reason why you believe
17 this is not correct.

18 MR. SCHAFFER: Okay. A few things that counsel said
19 in terms of the liabilities and creditors, those are all on the
20 corporation, those are on the Artisanal LLC.

21 THE COURT: The tax lien is on him personally.

22 MR. SCHAFFER: That's something that was just
23 communicated today. But aside from that, which I don't know if
24 it's true or not, anything that has been discussed so far in
25 the Artisanal bankruptcy has been the assets of Artisanal LLC.

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1 Mr. Drory, as far as I understand it, is not going to
2 be on the hook personally for any of that because there's no
3 personal liability to an LLC in a restaurant, so that just
4 doesn't make sense to me as far as I understand it. So in
5 terms of anyone looking into Mr. Drory's finances, the
6 bankruptcy court and the trustee would have no reason to look
7 at Mr. Drory's personal assets.

8 MR. BONFITTODRORY: Can I --

9 THE COURT: You can speak to him as soon as
10 Mr. Schaffer is done.

11 MR. BONFITTODRORY: Thank you.

12 MR. SCHAFFER: Additionally, Mr. Drory submitted a
13 sworn affidavit under the penalty of perjury with the
14 bankruptcy court in September which stated the estimated the
15 operating expenses of the debtor for the next 30 days, total
16 income of one million dollars, total net income \$575,167. And
17 in the motion to oppose the dismissal, the landlord cited that
18 as well.

19 THE COURT: May I understand the significance of what
20 you just read to me again? Tell me please what you believe
21 this is.

22 MR. SCHAFFER: As far as the landlord's motion to
23 dismiss the effort to dismiss the bankruptcy, the landlord's
24 arguing Drory and the restaurant had money because they
25 represented in a sworn affidavit that the net operating profit

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1 was \$575,000 for the next 30 days.

2 THE COURT: Then why -- not for nothing, but then why
3 go into bankruptcy? Because there was such an accrued debt
4 that that little bit wouldn't have mattered?

5 MR. SCHAFFER: I think the landlord may have commenced
6 an action for eviction in Supreme Court in New York. I think
7 there's a parallel action also, and it had to do with
8 non-payment of rent.

9 THE COURT: Okay.

10 MR. SCHAFFER: Another thing that Mr. Drory swore in
11 his affidavit was that he was paid a salary from Artisanal, the
12 LLC, of \$170,000.

13 THE COURT: Per year, per month?

14 MR. SCHAFFER: Per year. But that's a fairly
15 significant amount of money, where is that money?

16 Additionally, all counsel is saying is that Drory will
17 be an operator, not an owner. If he's not an owner and only an
18 operator, why is he allegedly the one challenged with coming up
19 with the financing of the operation? That would be something
20 that the owners do. If he's just a consultant, presumably he
21 will be paid a salary or management fee or some other fee like
22 that and he wouldn't be the one in charge of raising the funds.

23 In terms of raising the funds, your Honor, a lease was
24 signed, I believe it's on Park Avenue.

25 THE COURT: Park Avenue South.

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1 MR. SCHAFFER: Park Avenue South for a huge space. As
2 someone who has entered into a lease on behalf of a business,
3 my law firm, I know what a landlord requires. I have 8,000
4 square feet, I don't have 30 or 40,000 square feet that the
5 restaurant has. So the landlord would have required financial
6 disclosures back three years, personal financial statements, I
7 mean a million things.

8 THE COURT: But would those not, sir, or could those
9 not have been provided by the individuals who will be owners of
10 this new space because it's been represented to us he is not.

11 MR. SCHAFFER: Could have been. Again, we have seen
12 nothing, and nothing prior to today suggesting in any way that
13 Drory would not be the owner of the new Artisanal and only be
14 an operator. As your Honor indicated, the websites and the
15 literature out there, Mr. Drory holds himself out to be the
16 guy, the owner. I would honestly be surprised--

17 MR. BONFITTDORRY: You're lying.

18 MR. SCHAFFER: -- if Mr. Drory is not involved in
19 signing the lease or the new corporate entity.

20 THE COURT: Mr. Drory, I will not have another
21 outburst.

22 Mr. Liga, please understand I have this thing called
23 contempt powers. You know what they are, you know I can use
24 them. If your client does not stop interrupting other people,
25 I will call the marshals in here.

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MR. LIGA: I understand.

THE COURT: Then you will let him know that as well.
Please continue, Mr. Schaffer.

MR. SCHAFFER: So I find it hard to to believe
Mr. Drory's name was not on the documents submitted by whomever
to secure the new lease, considering how significant it was,
I'm sure it was a 10- or 20-year term.

I want to see what documents were signed, who signed
them. I want to see who are the members of the new LLC. What
counsel is representing is based on corporate law. The first
Artisanal declared bankruptcy. That entity is in the garbage.
They formed a new entity, a new LLC. The reason why people do
that is to avoid liability. But we have the personal liability
of an individual whose finances have never been explored, and
as your Honor correctly stated, was never represented to me in
any way that there was any inability to pay. In fact, the
opposite was conveyed to me, which is why there was no pay out
structure for the settlement.

I settle lots of FLSA cases, and I'm sure you seen,
your Honor, where the defendant says I can't pay, and there's a
pay out of a few months to a year, there's a confession of
judgment, and plaintiff's counsel sees financials in order to
evaluate whether the payment plan is needed or will be
successful. None of that happened here.

One of my last points is we heard about this insurance

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1 policy over and over. Where is this insurance policy? I mean
2 this is not hard to see. Where is it? As your Honor stated, I
3 don't believe that an insurance policy would ever cover wage
4 and hour liabilities, what I have seen is that it could cover
5 attorney's fees. I never seen it cover the actual loss of wage
6 and hour.

7 THE COURT: Sir, at any point in your discussions with
8 prior counsel was there even mention of the insurance policy?

9 MR. SCHAFFER: Not one time. Not one time.

10 THE COURT: Now here's the thing, Mr. Schaffer,
11 everything you have said to me -- almost everything you said to
12 me is supposition. You are intuiting from public statements,
13 you're intuiting from court documents, but you don't know. And
14 if I look at the other side of the issue, I have Mr. Liga, who
15 is standing up as an officer of this Court and representing to
16 me that his client is in a bad way financially.

17 Other than time and resources, which I'm not going to
18 say are insignificant in this case, what is lost by meeting
19 with him and talking and getting every bit of detail about the
20 issues that you have just raised with me? Because it would
21 seem to me if those discussions disclose that actually
22 Mr. Drory is in better shape, that's good for you on one front
23 and it's bad for him on another. And if it shows that he
24 really is as bad as it has been and represented to me today,
25 there could be discussions about what to do going forward.

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1 So my point is you have spent many, many hours since
2 July dealing with this issue, as have I. I entered a
3 settlement agreement, I thought this case was done, but I spent
4 more time after the settlement agreement than I spent on the
5 entirety of the case and on many cases that I have had. And
6 that's fine, because we need to get clarity on this issue. Why
7 not take him up on his offer, sir?

8 MR. SCHAFFER: I mean I could. I could.

9 THE COURT: Tell me why. You could say to me you
10 don't think it would be fruitful, you could say to me you're
11 not going to believe him, but why not discuss it at least in
12 the first instance with Mr. Liga?

13 MR. SCHAFFER: I believe, other than my time, there is
14 no down side. I guess the only caveat that I would like to lay
15 on the table is that counsel with his client have to be fully
16 transparent, and anything I ask for they -- I can't be on a dog
17 and pony show, they need to show me what I need to see.

18 And one question I have that should be able to be
19 answered right now is this whole discussion about Mr. Drory
20 being the operator and not the owner, I want to know what
21 Mr. Drory had been paid so far in regards to the new restaurant
22 and what he is going to be paid, because one thing that we
23 could discuss is maybe garnish his wages to pay the settlement
24 going forward. Because he's not doing this for free, he is the
25 operator. What's he being paid by the new entity? And he

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1 should be able to answer that right now.

2 THE COURT: I know Mr. Liga wants -- I know Mr. Drory
3 wants to speak with Mr. Liga and I will hear from Mr. Liga, but
4 I guess the issue is: Does it make sense, sir, to table for
5 the moment the discussion about these additional legal fees
6 that have been incurred? I know, sir -- and I'm not sure
7 Mr. Liga is aware of this, I know Mr. Schaffer believes that I
8 have it in my powers to assess as well a premium for the
9 collection of this debt, and I have thought about it but I
10 haven't decided the issue, and I keep hoping that I won't have
11 to decide it.

12 But Mr. Liga, do you want to -- I know Mr. Drory
13 wanted to speak to you, do you want to speak to him? And then
14 do you two want to -- I could step in the back for a brief
15 period of time if the three of you want to talk and see whether
16 this is at all something that would be useful, for example, my
17 putting it over for 30 days while you have the very, very
18 detailed document intensive discussions, that's fine by me, but
19 I guess the question is, Mr. Schaffer, do you want to allow
20 Mr. Drory to speak with Mr. Liga and then speak with him
21 yourself?

22 MR. SCHAFFER: I would rather let them speak right
23 now.

24 THE COURT: Mr. Liga, do you think that you need more
25 than a few moments for this?

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1 MR. LIGA: No.

2 THE COURT: Then I will stay here.

3 (Pause)

4 THE COURT: Mr. Liga, will this take longer than
5 expected?

6 MR. LIGA: It won't be long, but I have to have a
7 candid discussion with my client.

8 THE COURT: Should I stay here?

9 MR. LIGA: Yes, your Honor.

10 (Pause)

11 THE COURT: Mr. Liga, thank you.

12 MR. LIGA: Couple of things. Some of the suspicion of
13 my client, I understand it to some extent, but I can tell you
14 someone who has been representing these types of clients for my
15 entire career, these kind of scenarios are not uncommon, people
16 closing one and finding investors to open up another one, it's
17 not uncommon at all.

18 According to my client, and again, I will cooperate in
19 every way I can, close to \$2 million he's claiming is owed in
20 taxes from the old restaurant, 800,000 personally to him.

21 THE COURT: I want to hear you say that again, please,
22 sir. He is claiming to be owed?

23 MR. LIGA: The old restaurant in sales tax and payroll
24 taxes and so forth, close to \$2 million.

25 THE COURT: Was paid? I don't know what the words

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1 mean. Sir, is that money he paid and is seeking payment back
2 of, is that money that is owed and outstanding?

3 MR. LIGA: Owed and outstanding.

4 THE COURT: On the company.

5 MR. LIGA: On the business.

6 THE COURT: Not on him.

7 MR. LIGA: However, when you have these kind of cases,
8 payroll taxes, for example, goes to the responsible party.

9 THE COURT: Which is he.

10 MR. LIGA: Which is he. Anybody who could sign the
11 checkbook goes to the responsible party.

12 THE COURT: What's the payroll tax figure, sir?

13 MR. LIGA: I don't know the exact figure. He told me
14 a combined figure just now, and I haven't seen it myself I'm
15 going by my client's representations.

16 THE COURT: I understand.

17 MR. LIGA: \$2 million between sales taxes and payroll
18 taxes. I knew about the sales tax from my interaction with him
19 six months ago, I didn't know about the payroll taxes. And now
20 he's told me personally right now there's a lien against him
21 for 800,000 from the Internal Revenue Service.

22 THE COURT: That's a personal tax owed?

23 MR. LIGA: I think it's responsible party, partially
24 responsible party tax assessment.

25 And as far as the new place, he did not sign the

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1 lease, he is not on the liquor license, and he is not an owner.
2 He also represented to me that he's not taking a salary of any
3 kind on this new entity.

4 And I can tell you, your Honor, again, my firsthand
5 knowledge, that he has asked me on numerous occasions to
6 introduce him to people in the restaurant business and the food
7 industry to see if they wanted to invest money. My opinion, I
8 don't know if that new restaurant will ever open given the size
9 of it and magnitude of it and how expensive it is.

10 THE COURT: Has someone signed a lease, sir?

11 MR. LIGA: As far as I understand, yes.

12 THE COURT: Has someone put up money for the
13 construction that would necessarily have to take place to make
14 it work?

15 MR. LIGA: I believe partially, yes.

16 THE COURT: The construction has not concluded.

17 MR. LIGA: No, as far as I understand, no.

18 THE COURT: Is there a projected date for completion
19 of the construction?

20 MR. LIGA: I have been hearing -- again, it's all
21 based on getting the money -- anywhere from four to five months
22 from now, provided they get the money.

23 THE COURT: And that, sir, is just for construction,
24 it's not for opening the place, or is that for opening the
25 place?

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1 MR. LIGA: I think that's full-blown construction,
2 permits, equipment, the whole nine yards. And it's also my
3 understanding part of the delay has been in getting certain
4 permits, and it is also my understanding -- it's been
5 represented to me that the rent on that space is 108,000 a
6 month, and there is no abatement of rent during the process of
7 building that restaurant.

8 THE COURT: Mr. Drory is not on the hook in any way
9 for that rent.

10 MR. LIGA: Not personally on the hook at all. He's
11 not on the hook, he's not on the lease.

12 THE COURT: He's not a responsible party under any
13 theory.

14 MR. LIGA: As far as I know, no.

15 THE COURT: So if some kind soul wants to foot the
16 bill for 108,000 a month in rent, they're doing it.

17 MR. LIGA: You have to understand, your Honor, to give
18 you an idea of the type of culture, you take a restaurant like
19 the old one, there's regulars that come in all the time, very
20 wealthy people, older people, they love the restaurant, they
21 love the people, they have tons of money, they don't know what
22 to do with it, and they go to someone like him: Oh, we would
23 like if you opened up another restaurant. And the people come
24 and open their checkbook, here's a half a million, here's a
25 million. These are the kinds of people.

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1 Ultimately it gets to a point where you need a
2 professional finance company, hedge fund perhaps, to come in.
3 And that's where he falls down, because they don't go by the
4 websites and the pretty pictures, they want to see business
5 plans and financial models and corporate structure. And that's
6 where he's been falling short.

7 And frankly, my interaction with him has been to try
8 to educate him of what he needs, and his girlfriend, who does
9 this for a living, she's also been doing it, but she's busy
10 doing her own job, she's not doing it for him. He understands
11 that, but that's -- I think it's an extremely, extremely,
12 extremely risky venture because you committed to this space and
13 committed to a project, and as far as I know, they're nowhere
14 near having the money to complete it.

15 So again, I have no problem stepping in the shoes, as
16 I would have if I was his bankruptcy counsel, and going through
17 an examination of his documents, his finances.

18 THE COURT: Sir, do you have clarity on the unsecured
19 debt to the girlfriend and its repayment?

20 MR. LIGA: My understanding, as of right now, it's in
21 the ballpark of two and a half million dollars.

22 THE COURT: It still exists?

23 MR. LIGA: My understanding is yes.

24 THE COURT: It has not been paid.

25 MR. LIGA: No.

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1 THE COURT: If I may ask, is it for money she's loaned
2 to him in connection with these ventures, is it rent payment
3 she made on his behalf?

4 MR. LIGA: For example, my understanding she's the one
5 who signed the lease, she's the one who put the money up for
6 the lease.

7 THE COURT: She signed the lease for the new place?

8 MR. LIGA: Yes.

9 THE COURT: You didn't say that. Now you did, of
10 course. So every month she's getting dinged \$108,000.

11 MR. LIGA: Her and whatever other investors she brings
12 in.

13 THE COURT: Was she an investor?

14 MR. LIGA: Yes.

15 THE COURT: So why does he owe her money for that?

16 MR. LIGA: This has nothing to do for that. This is
17 money she's putting into the other place.

18 THE COURT: Interesting.

19 MR. LIGA: She was -- my understanding -- again, I
20 haven't looked at the whole bankruptcy package, my
21 representation has been quite limited, but she's the biggest
22 creditor in that bankruptcy.

23 THE COURT: Because she has been --

24 MR. LIGA: She put money into the old restaurant. So
25 my understanding is she's owed millions of dollars from money

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1 she put in the old restaurant.

2 THE COURT: It's your understanding as well, sir, that
3 Mr. Drory has not given her any money personally in payment of
4 those debts?

5 MR. LIGA: My understanding is no. I can't speak,
6 your Honor, I'm not -- I'm not Mr. Drory, I don't sit in his
7 house, I don't know what he does with his girlfriend, I don't
8 know if he gave her a case of cognac out of the bar, I don't
9 know any of those things. But as far as I know, there's been
10 no payments made that I am aware of. But again, to put this to
11 bed the only way I know how is to allow plaintiff's counsel to
12 sit down with me, and if he doesn't know the right questions,
13 frankly I will give him the right questions to ask about the
14 right things to go through.

15 THE COURT: I get the sense he knows the right to
16 questions.

17 Mr. Schaffer, do you want to do this?

18 MR. SCHAFFER: Could I just address a couple of things
19 Mr. Liga just said?

20 THE COURT: Sure, but at some point you guys have to
21 come to a decision and not just tell me what you agree and
22 disagree with.

23 MR. SCHAFFER: Your Honor, for one thing, just so your
24 Honor understands the picture here, it's not like the lease was
25 up for the restaurant on Park Avenue, the initial -- the old

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1 Artisanal, and that lease was up and they signed a new lease
2 for this new space. This new restaurant was in the works for
3 about two years before Artisanal was closing. So it was all in
4 the works. It's not like number one failed and then let's do
5 this number two.

6 So to say that Mr. Drory was not involved with the new
7 location is preposterous. He had this restaurant, it was doing
8 well, the lease was up in two years. In advance of that they
9 said let's look for the new space. Again, I can represent to
10 the Court it took my law firm two years to find new office
11 space. It takes a long time. He looked and he got the new
12 commercial space. So this thing has been in the works for
13 about two years.

14 To say that -- I can't believe that it was just
15 represented to the Court that Mr. Drory is not to receive one
16 single penny for work that he performs or has performed.

17 THE COURT: I should have asked that question of
18 Mr. Liga.

19 Mr. Liga, if he's not getting a salary, is he getting
20 something on the back end, a percentage of profits? It would
21 be interesting but unwise for him to do it for no remuneration
22 whatsoever.

23 MR. BONFITTORORY: Excuse me, could I speak with my
24 counsel, please.

25 MR. LIGA: I will say, as far as I understand, I never

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1 represented to this Court that Mr. Drory wasn't behind the
2 concept of the new restaurant.

3 THE COURT: No, I understand that, but I thought you
4 said he wasn't getting a salary.

5 MR. LIGA: My understanding he has not gotten a
6 salary.

7 THE COURT: Will he not then be the operator?

8 MR. LIGA: If and when it opens.

9 THE COURT: Will he then get a salary?

10 MR. LIGA: I imagine so, yes.

11 THE COURT: That's the clarification I need.

12 Sir, would it be easier if you sat next to your
13 client, just because he seems to want to mention things to you,
14 and it might be easier to have you sitting near him.

15 I will let you do that, and Mr. Schaffer, finish your
16 thoughts.

17 MR. SCHAFFER: My last point, your Honor, is I will
18 certainly go down this rabbit hole --

19 THE COURT: That's as you see it. I don't want to
20 immediately impugn it by saying it has no chance of being
21 valuable.

22 MR. SCHAFFER: I will attempt to see what the
23 documents will show. But what I'm going to be asking for, and
24 I can propound a letter to counsel in a week or so, but I'm
25 going to want everything. I'm going to want to see like the

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1 last two or three years of his personal bank accounts, I'm
2 going to want to see all the agreements for the new restaurant,
3 I want to know what he was paid and what he will be paid for at
4 the new restaurant. It will be a complete disclosure.

5 And frankly, since counsel offered this, what I would
6 like to do is after the disclosure is made I would like
7 Mr. Drory to sit for a deposition, and I would like to take his
8 deposition under oath, as counsel had volunteered.

9 THE COURT: Okay.

10 MR. LIGA: I have nothing else to add, your Honor,
11 other than Mr. Drory wanted to explain to me when he purchased
12 the old restaurant it was purchased with \$1.7 million of debt
13 at the time. And it was Ms. Shulman, his girlfriend, who
14 helped him at that time purchase the restaurant.

15 And part of his deal, apparently -- and I have not
16 seen paperwork -- was that she wanted to own the name and the
17 concept of a Parisian cheese fromagerie restaurant bar. And I
18 can tell you from my own conversations with Stephanie Shulman,
19 her interest is more developing the concept and maybe
20 franchising it down the road or something.

21 This other restaurant was viewed as an expansion of
22 that idea, but again, while it was certainly his vision and she
23 financed the vision, he planned this other restaurant with her
24 believing, I'm sure, because it wouldn't make sense otherwise,
25 that the old restaurant would survive, that it would -- why

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1 would you buy it if you didn't think it was going to survive?

2 And I can tell you from my own conversations, again
3 from my background, it's very frustrating for me when I deal
4 with clients like Mr. Drory because sometimes their optimism is
5 too much. And I live more where the rubber meets the road.
6 I'm a numbers guy. That is what makes him attractive to
7 investors because he has these big ideas. Someone like me is a
8 boring guy, and someone like him is an interesting guy. And
9 that's why investors go with the interesting guy. They ask the
10 boring questions but go with the interesting people.

11 But I would be more than happy to answer and address
12 any document request or go through any due diligence that
13 plaintiff's counsel would want to go through.

14 THE COURT: And that included, sir, your offer of a
15 deposition, and it seems Mr. Schaffer has taken you up on it.

16 What I would like to do is the following: I want to
17 have the parties have those discussions. It is my
18 understanding, Mr. Liga, that Mr. Schaffer is going to be
19 giving to you in the next week the written requests, and I
20 imagine they will be substantial.

21 It would still be my expectation that within that
22 30-day period you could have the discussions that you need to
23 have on these financial issues and you could perhaps get the
24 deposition in as well. And I will listen to you if 30 days
25 comes and you have it scheduled but haven't had it yet.

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1 But I would like a letter from Mr. Schaffer, a brief
2 letter, letting me know where the parties stand on the 3rd of
3 April, that is a Monday, and tell me what is going on, and
4 we'll plan accordingly. I'm not going to do anything today.
5 Everything is open today. But I think it makes sense, since we
6 have differing perspectives and differing information about
7 Mr. Drory's situation, there should be an opportunity to have
8 that laid out.

9 Mr. Schaffer, is there anything else we should be
10 discussing today?

11 MR. SCHAFFER: I would just propose, as a potential
12 timeline, that I send my letter by March 8. Presumably counsel
13 should be meeting with Mr. Drory as of today and start
14 gathering relevant documents. It's not going to be a surprise
15 to what I will be asking for. And he should be able to give me
16 a response and provide the documents by March 22nd, two weeks
17 after that. Then I would just put a control date, if we could,
18 that that deposition will take place by April 15th.

19 THE COURT: Mr. Liga, will that work for your
20 schedule? I don't know what you're doing other than this case.
21 So if you were to receive the document requests on the 8th of
22 March, it would be my expectation as well that within two
23 weeks, by the 22nd of March, you could produce those materials
24 and have Mr. Drory deposed on or about the 15th of April.

25 Does that work for you?

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1 MR. LIGA: I could probably arrange for that.

2 THE COURT: Let me change my schedule. Let me hear
3 from the parties -- the 15th of April is a Saturday, so perhaps
4 the 14th of April. Let me hear from the parties by the 21st of
5 April, just a letter -- actually I don't care who sends it to
6 me as long as you're both in agreement with its contents, and I
7 will plan from there. If there are any problems in the
8 discovery from either side, just write me and let me know.

9 Mr. Schaffer, anything else?

10 MR. SCHAFFER: No, your Honor.

11 THE COURT: Mr. Liga, anything else?

12 MR. LIGA: No.

13 THE COURT: Thank you all very much for coming down
14 this morning.

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